

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6199

BILL NUMBER: SB 62

DATE PREPARED: Nov 9, 1999

BILL AMENDED:

SUBJECT: Public safety survivor and disability benefits.

FISCAL ANALYST: James Sperlik

PHONE NUMBER: 232-9866

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill: (1) separates the provisions concerning survivors' benefits for police officers and firefighters into separate sections based on whether the death was in the line of duty or not in the line of duty; (2) makes the definition of "dies in the line of duty" used in the survivors' benefits statutes uniform for all police officers and uniform for all firefighters; (3) separates the provisions concerning disability benefits for police officers and firefighters into separate provisions based on whether the disability was in the line of duty or not in the line of duty. (The introduced version of this bill was prepared by the Pension Management Oversight Commission.)

Effective Date: July 1, 2000.

Explanation of State Expenditures: The provisions of this proposal will have no fiscal impact on the funds involved. The thrust of the proposal is to comply with an Internal Revenue Service (IRS) private letter ruling which said, essentially, that death or disability of a public safety officer must be separated into line of duty death or not in the line of duty death and line of duty disability or non-line of duty disability. If the separation is not made, according to the IRS interpretation, the death and survivor benefits would be taxable for the members and their survivors. For the 1977 Advisory Committee, before November 1, 2000, there may be some additional administrative work required in the determination of which surviving spouses, children, or parents are receiving benefits from the funds involved, or are survivors of police officers and firefighters who died in the line of duty before September 1, 1982. Currently, the Public Employees Retirement Fund (PERF) has assigned one staff person to work with the 1977 Advisory Committee.

Explanation of State Revenues: To the extent that the benefits would be non-taxable, the State would lose Individual Income Tax revenue attributable to the taxation of the benefits. The specific impact in indeterminable. The fund affected is the State General Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Public Employees Retirement Fund.

Local Agencies Affected:

Information Sources: William Butler, Director of the Public Employees Retirement Fund, 233-4133, Mary Beth Braitman, Ice Miller Donadio & Ryan, 236-2413, Tom Miller, Professional Fire-fighters, 357-5080, Leo Blackwell of the Indiana Fraternal Order of Police, 264-7982.